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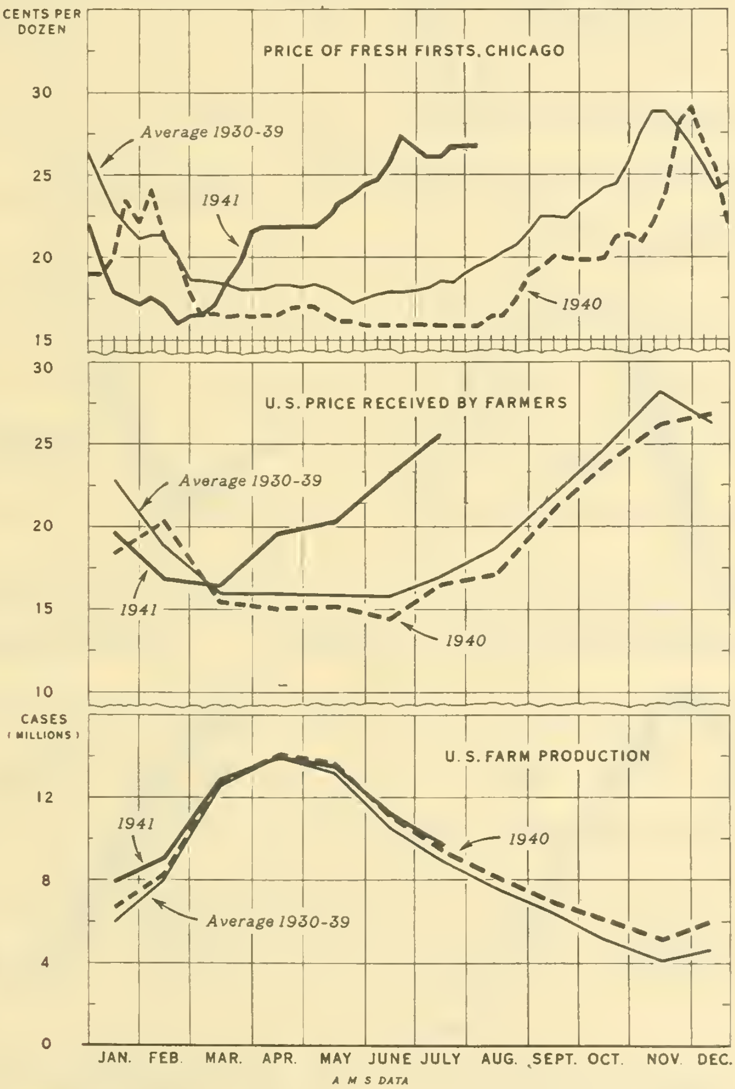
THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

PES-56 BAE AUGUST 1941

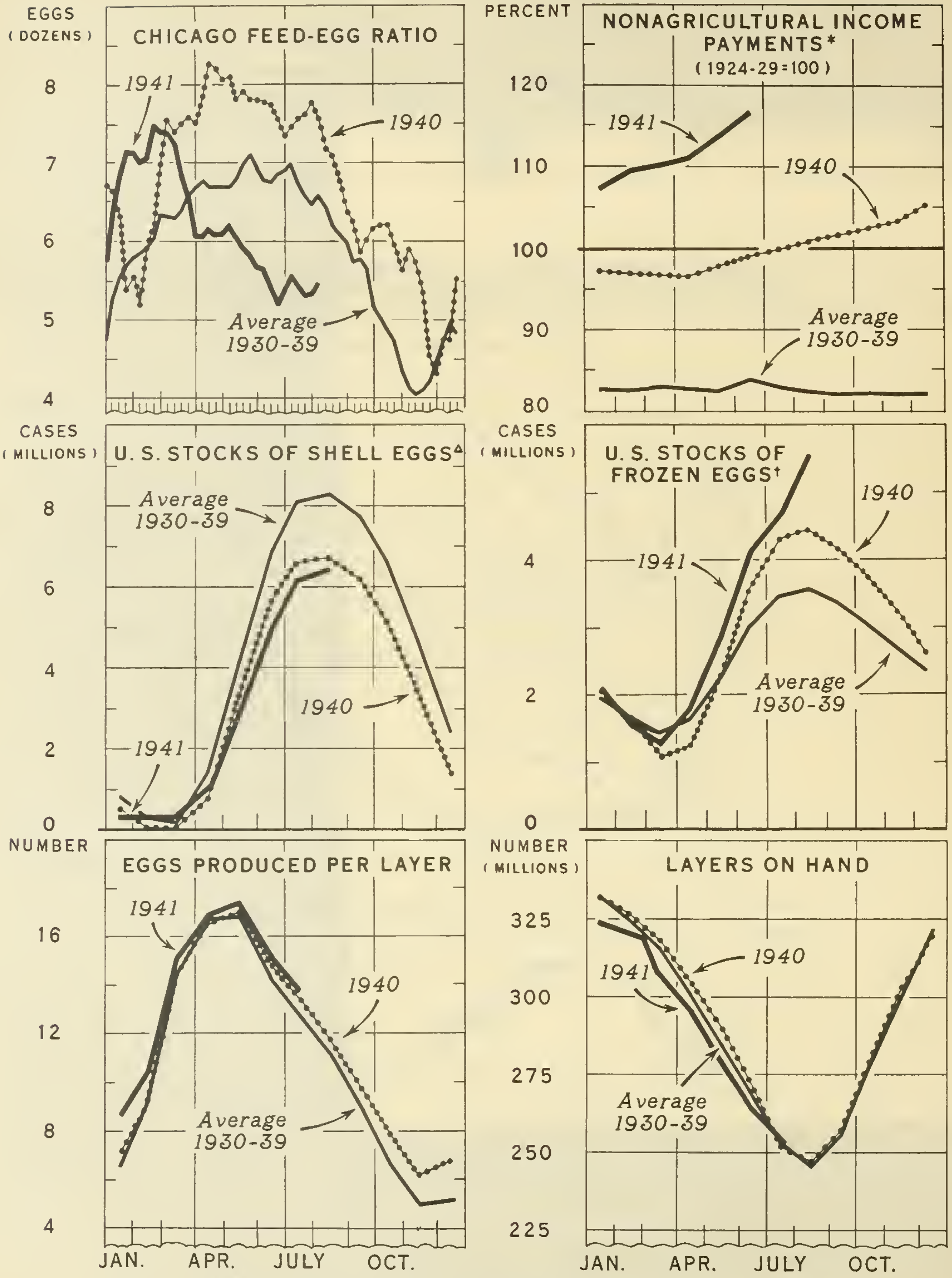
EGGS: PRICE AT CHICAGO, PRICE RECEIVED BY FARMERS, AND FARM PRODUCTION, UNITED STATES, AVERAGE 1930-39, AND 1940-41



U S DEPARTMENT OF AGRICULTURE NEG 39036 BUREAU OF AGRICULTURAL ECONOMICS

Egg prices are likely to continue well above a year earlier during the remainder of 1941. The effect on prices of the increase in supplies of eggs over a year earlier will be more than offset by larger consumer buying power and Government purchases of eggs. Egg production during the first 7 months of this year was about 3 percent larger than in the corresponding months of 1940, and the excess over a year earlier will increase as this year's pullets come into production.

THE EGG SITUATION AT A GLANCE



A. M. S. DATA, EXCEPT NONAGRICULTURAL INCOME PAYMENTS.

** INDEX NUMBERS, ADJUSTED FOR SEASONAL VARIATION. SERIES REVISED JULY 21, 1941*

△ FIRST OF THE MONTH. EXCLUDES U. S. D. A. HOLDINGS, BEGINNING APRIL 1, 1940

† FIRST OF THE MONTH. EXCLUDES U. S. D. A. HOLDINGS, BEGINNING JULY 1, 1941

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FIGURE 1

THE POULTRY AND EGG SITUATION

In this issue: Wholesale prices of live fowls and chickens at Chicago: Indexes of seasonal variation, and price differentials between various market classes of chickens.

Summary

Egg production is expected to continue larger than a year earlier during the remainder of 1941. The number of layers now on farms is larger than a year ago and numbers will increase rapidly relative to a year earlier during coming months. An increase in layers of 10 percent over a year earlier is expected by January 1942. The rate of lay on August 1 was 3 percent higher than a year earlier and the highest on record for that date. With normal weather, production per hen is likely to continue at near-record levels because of the prospective favorable feed-egg ratio. Egg production in July was 4 percent (360,000 cases) larger than in July 1940. Receipts of eggs at central western primary markets since August 1 continued from half-again to nearly twice as large as a year earlier.

As a result of the much higher egg prices this summer than last, farmers probably have been selling a larger proportion of current egg production than they did in the summer of 1940. The proportion of production marketed can be increased primarily in two ways -- by better care of eggs on farms and by consuming fewer eggs in farm households. Wholesale egg prices in mid-July were continuing about two-thirds higher than a year earlier. Egg prices in general are expected to continue well above a year earlier during the remainder of 1941, but in view of the relative increase in production in prospect the fall rise in prices this year may be relatively less than usual.

Storage stocks of eggs on August 1 (about the date of the usual seasonal peak in holdings) were about the same as on August 1, 1940.

Stocks of shell eggs were down 15 percent from a year earlier but stocks of frozen eggs were 26 percent larger. Excluding United States Department of Agriculture holdings for both dates, the changes were less marked; shell egg stocks were only 5 percent smaller and stocks of frozen eggs were a little over 24 percent larger. No data are available on stocks of dried eggs. The Department of Agriculture up to mid-August this year had purchased almost 4-1/2 million cases of eggs (approximate shell-egg equivalent).

Market supplies of young chickens are increasing considerably and in early August farm marketings were nearly twice as large as a year earlier. Receipts of fowls at central western markets recently increased slightly but were continuing nearly one-fifth smaller than a year earlier. Reflecting increased farm marketings, wholesale prices of live fowls and chickens at Chicago in general declined slightly from early July to mid-August. The number of chickens being raised on farms this year is about 14 percent larger than in 1940 and commercial broiler production has increased even more. Because of the stronger consumer demand, however, average prices received by farmers for all chickens are expected to continue above those of a year earlier.

Turkey production this year is now indicated to be 5 percent larger than in 1940. Turkey prices, however, are expected to continue well above those for corresponding months of 1940.

-- August 20, 1941

FEED SITUATION

For the country as a whole, prospects for total 1941-42 feed grain supplies continue favorable. Prospects for the 1941 corn and barley crops improved during July whereas prospective oat supplies declined. One of the largest grain-sorghum crops of record is in prospect. Corn and grain sorghum production, however, may be reduced below that indicated on August 1 because of the drought in the western Corn Belt. Indications as of August 1 point to a 1941-42 feed supply per grain-consuming animal unit about as large this year as last and much larger than the 1928-32 average.

Wholesale prices of corn advanced from mid-July to mid-August whereas prices of oats and barley declined during that period. Prices of the latter two grains are low relative to the price of corn.

Prices of byproduct and high-protein feeds advanced materially during the past few months. The higher loan rates on corn and wheat, and the increased demand for feeding dairy cattle and poultry, accompanied by the seasonal decline in byproduct feed production, are largely responsible for the advances. Feed prices in general now are in line with the new loan values on corn and wheat, and production of byproduct and high-protein feeds will increase seasonally until late fall or early winter.

The feed-egg ratio continues very favorable for egg production. In mid-August about one-third fewer eggs were required to buy 100 pounds of feed (based on Chicago prices) than a year earlier.

Feed-egg ratio at Chicago

(Dozens of eggs required to buy 100 pounds of poultry ration)

Year	Week ending as of 1941											
	Jan.	Apr.	June	July			August					Oct.
	25	26	28	12	19	26	2	9	16	23	30	25
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average: 1930-39	5.70	6.71	6.86	6.98	6.76	6.59	6.44	6.58	5.43	6.20	6.07	4.73
1939	6.65	6.65	6.71	6.37	6.05	5.76	5.85	6.05	6.15	6.33	6.13	5.13
1940	5.38	8.21	7.57	7.45	7.57	7.61	7.78	7.54	7.17	7.08	6.78	5.95
1941	7.16	6.07	5.19	5.53	5.44	5.30	5.32	5.47	5.39			

HATCHINGS

The commercial hatchery output of baby chicks in July this year was about 33 percent larger than in July 1940. The total output for the first 7 months of this year was about 24 percent larger than a year earlier. Increases over a year earlier occurred in every month this year but were most pronounced in May, June, and July. The May output was 26 percent larger than a year earlier and the June production was 69 percent over June 1940. Because of the demands for chicks for commercial broiler production during coming months, continued heavy hatchery production is anticipated. The total output of commercial broilers in 1941 probably will exceed 150 million birds.

The number of chickens raised on farms this year is now estimated to be 14 percent larger than in 1940 and the figure may increase still more as the result of late hatchings. The increases by regions are as follows: North Atlantic 9 percent, East North Central 10 percent, West North Central 17 percent, South Atlantic 13 percent, South Central 18 percent, and Western 15 percent.

EGG SITUATION

Number of layers now larger than a year ago

Although the feed-egg ratio has been very favorable for egg production since late March, the effect on the number of layers has been noticeable only in the last 2 or 3 months. Ordinarily farmers remove relatively few hens from laying flocks during the season of flush production but sell quite freely beginning in early summer. This year the number of layers declined about normally until May. Since then, however, the number has declined less than usual and much less than it did last year. This has resulted almost entirely from the sale of fewer old hens by farmers since few pullets are added to laying flocks before late August. The wholesale price of hens this summer has been 4 to 5 cents (about one-third) higher than a year earlier. Egg prices, however, were about 10 cents (about two-thirds) higher than in the summer of 1940. The feed-egg ratio therefore was relatively more favorable than the feed-hen price ratio. Without such a relationship, marketings of fowl probably would have been much heavier.

The average number of layers per farm flock on July 1 was only 0.2 percent larger than a year earlier. The decline in number of layers during July was smaller than a year earlier. And by August 1 the excess over 1940 had increased to 1.5 percent. Some pullets from this year's early hatch are being added to laying flocks now so the number of layers probably is being increased absolutely as well as relatively. This development will go on with increased momentum for the next several months.

Number of layers on farms, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
Average 1930-39	332	325	315	301	284	267	253	246	256	278	300	322
1938	307	301	292	278	262	248	236	234	245	269	293	314
1939	322	316	306	292	276	260	246	242	253	279	305	326
1940	332	327	318	304	289	270	252	247	257	279	303	320
1941	324	318	308	295	280	266	254					

Average number of eggs produced per layer, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Average 1930-39	6.6	8.9	14.3	16.7	16.8	14.2	12.7	11.2	8.9	6.8	5.0	5.2
1938	7.9	9.9	15.4	17.5	17.3	14.9	13.6	11.8	9.4	7.5	5.9	6.4
1939	8.0	9.7	14.9	17.0	17.0	14.6	13.2	11.7	9.3	7.4	6.0	6.8
1940	7.2	9.0	14.4	16.5	17.0	14.8	13.4	11.8	9.7	7.9	6.2	6.8
1941	8.7	10.3	15.0	16.9	17.4	15.1	13.8					

Total farm production of eggs, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases
Average 1930-39	6.0	8.0	12.5	13.9	13.2	10.5	8.9	7.6	6.4	5.2	4.1	4.7
1938	6.7	8.3	12.5	13.5	12.6	10.3	8.9	7.6	6.4	5.6	4.8	5.5
1939	7.2	8.5	12.6	13.8	13.0	10.6	9.1	7.8	6.5	5.7	5.1	6.1
1940	6.7	8.2	12.7	14.0	13.7	11.1	9.4	8.1	7.0	6.1	5.2	6.0
1941	7.9	9.1	12.8	13.9	13.5	11.1	9.7					

For the month of July about 0.6 percent more layers were on farms than a year earlier and, with a 3 percent higher rate of lay, about 4 percent more eggs were produced than in July 1940. By regions the changes from a year earlier in the July egg output were as follows: North Atlantic, 5.3 percent; East North Central, 5.7 percent; West North Central 4.2 percent; South Atlantic, 2.6 percent; South Central, 5.7 percent; and Western, 0.3 percent. Egg production in the United States in coming months is expected to continue larger than a year earlier since the number of layers will continue to increase relative to a year earlier and the rate of lay probably will be at least as high as a year earlier, if not higher.

The number of pullets on farms August 1 was 19 percent larger than a year earlier. Increases by regions were as follows: North Atlantic 23 percent; East North Central 13 percent; West North Central 25 percent; South Atlantic 11 percent; South Central 21 percent; and Western 19 percent. Although the excess of pullets over 1940 may decline as the season progresses, an increase in layers of about 10 percent over a year earlier is expected by January 1942.

The increase over a year earlier in egg marketings this summer appears to have been greater than the increase in production. This is largely the result of the much higher egg prices this summer than last. When egg prices are high, farmers tend to take better care of their eggs and consume fewer in farm households. The latter is an important factor because nearly one-fourth of the people of the United States live on farms, and the per capita consumption of eggs by farm people is much higher than for urban people.

Total storage stocks of eggs on August 1 same as a year ago

A large into-storage movement for frozen eggs continued during July, and on August 1 storage stocks were 9 percent larger than the previous record high on July 1 and about 26 percent larger than on August 1, 1940. Further into-storage movements of frozen eggs have occurred since August 1. The Department of Agriculture owned 1,770,000 pounds of frozen eggs on August 1 or about 1 percent of all frozen egg stocks on that date. Privately owned stocks of frozen eggs on August 1 were 24.5 percent larger than on August 1, 1940.

Total storage holdings of shell eggs on August 1 were 15 percent smaller than a year earlier. On that date this year, however, the Department of Agriculture owned only 239,000 cases compared with 1,068,000 cases on August 1, 1940. Privately owned storage stocks of shell eggs were only 5 percent smaller on August 1 this year than on August 1, 1940.

Eggs: Storage stocks in the United States, and storage movement at 26 markets

Year	United States stocks		Storage movement week ending as of 1941						
	July 1	Aug. 1	July 26	Aug. 2	9	16	23	30	Sept. 6
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Shell:									
Average 1930-39	8,135	8,304	+ 7	- 30	- 58	- 68	- 90	-116	-143
1939	6,977	7,024	- 2	- 33	- 34	- 53	- 75	- 89	-156
1940	1/6,580	1/6,716	+ 69	+ 40	- 32	- 85	- 83	-125	-165
1941	1/6,100	1/2/6,414	+ 83	+ 42	- 13	- 36			
Frozen:									
Average 1930-39	3,465	3,536	---	---	---	---	---	---	---
1939	4,042	4,125	0	+ 10	- 26	- 23	- 35	- 29	- 37
1940	4,296	4,427	+ 16	+ 9	- 14	- 22	- 31	- 36	- 50
1941	4,684	2/3/5,515	+ 39	+ 99	+158	+ 7			

1/ Excludes Surplus Marketing Administration holdings as follows: July 1, 1940, 933,000 cases; August 1, 1940, 1,068,000 cases; July 1, 1941, 327,000 cases; and August 1, 1941, 239,000 cases.

2/ Preliminary.

3/ Excludes Surplus Marketing Administration holdings as follows: July 1, 1941, 419,000 cases; and August 1, 1941, 51,000 cases.

Egg prices continuing much higher than a year ago

Wholesale prices of fresh firsts at Chicago continued unchanged from early July to mid-August at a level about 2 cents below the late June peak. In mid-August these prices were about 10 cents higher than a year earlier as they had been for about 6 weeks. Reflecting continued heavy production and apparently some restriction in the consumption of eggs in farm households, receipts of eggs at central western primary markets are continuing much larger than in the summer of 1940. During the week ended August 9, receipts of eggs at these markets were 94 percent larger than a year earlier. Receipts at Pacific Coast primary markets, though smaller than a year earlier, also are increasing relative to receipts last summer.

The average price received by farmers for eggs in mid-July was the highest for the month since 1929 and about 9 cents over a year earlier, the same margin as in June. Egg prices will continue to be supported by the improvement in domestic demand conditions and by Department purchases under the announced purchase programs. In view of the relative increase in production in prospect, however, the rise in prices to the fall peak may be relatively less than in the corresponding months of 1940.

Price per dozen received by farmers for eggs, United States

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average:												
1930-39	22.8	18.8	16.1	16.0	15.9	15.7	17.0	18.7	21.9	24.7	28.2	26.3
1938	21.6	16.4	16.2	15.0	17.6	18.2	19.9	21.0	24.9	27.1	29.0	27.9
1939	18.8	16.7	16.0	15.5	15.2	14.9	16.5	17.5	20.6	22.9	25.8	20.5
1940	18.3	20.2	15.4	15.0	15.1	14.4	16.4	17.2	21.0	23.7	26.2	26.8
1941	19.7	16.8	16.4	19.7	20.1	23.2	25.6					

Purchases of eggs by the Department of Agriculture in 1941

Week ending	Shell	Frozen	Dried
	Cases	1,000 pounds	1,000 pounds
Jan. 1 to Aug. 9	1,459,037	63,985	9,310
June 7	25,201	1,379	145
14	10,400	1,776	350
21	2,800	1,801	100
28	---	1,283	140
July 5	5,980	13,810	1,583
12	50,000	2,683	210
19	140,398	13,835	1,930
26	91,695	8,616	660
Aug. 2	54,987	3,273	366
9	42,343	0	2,986
16	22,268	1,515	803

Eggs purchased by the Department of Agriculture to date this year are roughly equivalent to nearly 4-1/2 million cases. A little less than 1-1/2 million cases were in shell form and the remainder in frozen and dried form. In this connection the following table showing the various conversion factors may be useful.

Conversion factors for eggs

Products	Yield of liquid eggs from 30 dozen shell eggs	Yield of 1 dozen shell eggs		Requirements for 1 pound of dried egg products		Yield of dried product from	
		Liquid eggs	Dried eggs	Liquid eggs	Shell eggs	100 pounds of liquid eggs	30 dozen shell eggs
	Pounds	Pounds	Pounds	Pounds	Dozens	Pounds	Pounds
Whole egg 1/	35.00	1.1667	0.3268	3.57	3.06	28.01	9.804
Albumen	19.25	0.6417	0.0879	7.30	11.38	13.70	2.637
Yolk	15.75	0.5250	0.2386	2.20	4.19	45.45	7.158

The Egg-Drying Industry in the United States, Agricultural Adjustment Administration, 1938.

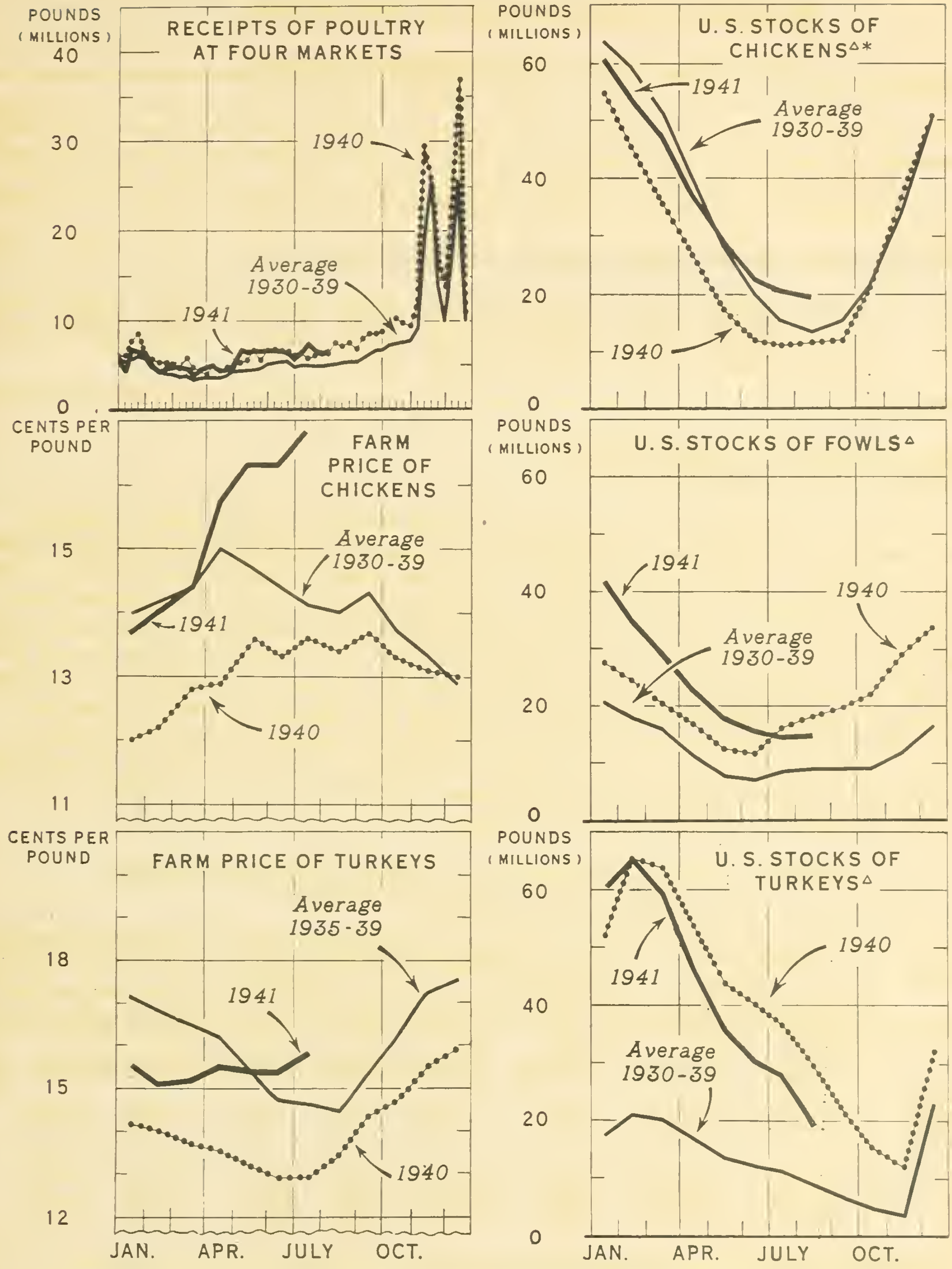
1/ Shell egg consists of 45 percent yolk and 55 percent albumen. Dried whole egg consists of 73.1 percent yolk and 26.9 percent albumen.

POULTRY SITUATION

Marketings of fowl continuing smaller than a year earlier but marketings of young stock are much larger

The smaller receipts of fowls at midwestern markets in recent weeks indicate that farmers are continuing to cull out fewer hens from their present flocks. During the 2 weeks ended August 9, receipts of fowl were about 20 percent under those of a year earlier. Marketings of young stock, on the other hand, are increasing considerably with each passing week. During the week ended August 9, receipts of young stock at central western primary markets were 44 percent larger than a year earlier. With at least 14 percent more chickens being raised on farms this year than last, marketings of chickens off farms in the next several months will continue much larger than a year earlier. The large late hatch this year will result in a much heavier than usual late movement of young chickens this coming winter. Receipts of live fowl may increase as some postponed marketings are made, but for the remainder of the year young chickens will constitute a larger proportion of farm marketings than they did last year. Sales of fowls by farmers usually do not increase after August, whereas marketings of young stock do not reach the seasonal high until October and November.

THE POULTRY SITUATION AT A GLANCE



A. M. S. DATA *△ FIRST OF THE MONTH* ** INCLUDES BROILERS, FRYERS AND ROASTERS*

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FIGURE 2

Receipts of dressed poultry at four markets

(New York, Chicago, Philadelphia, Boston)

Year	Week ending as of 1941									
	June		July		August					Oct.
	21	28	19	26	2	9	16	23	30	25
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1930-39	5,274	5,428	4,892	4,880	4,876	4,942	5,093	5,224	5,308	7,641
1939	6,515	6,139	5,942	6,948	5,872	5,690	5,608	5,624	6,081	8,438
1940	6,584	6,653	5,724	6,079	6,265	6,188	7,548	7,008	7,547	9,796
1941	6,789	6,327	7,440	6,339	6,293	6,744	6,931			

Storage holdings of poultry now are smaller than a year earlier

Stocks of poultry in the United States declined about 4-1/2 million pounds during July this year whereas they increased slightly during July 1940. On the average, stocks decline about 2 million pounds during that month. Important contributions to the decline this year are the record out-of-storage movement for turkeys and the smaller increase in fowl holdings this year than last. Stocks of young chickens on August 1 were 70 percent larger than a year earlier. The increase was distributed among the separate classes as follows: Broilers, 11 percent; fryers, twice as large; and roasters, 2-1/2 times as large. Stocks of fowl were 20 percent smaller on August 1 than on August 1 1940 and turkey stocks were down about one-third. Stocks of ducks on August 1 of nearly 10 million pounds were 19 percent larger than a year earlier and were the largest on record for that date.

Poultry: Storage stocks in the United States and storage movement at twenty-six markets

Year	United States stocks		Storage movement, week ending as of 1941						
			July	August					Sept.
	July 1	Aug. 1	26	2	9	16	23	30	6
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1930-39	49,517	48,283	-228	-216	-37	-28	+98	+157	+436
1939	67,470	64,918	+ 35	-441	-359	-698	-418	-819	-610
1940	82,336	82,415	-355	+1,122	-173	+328	+262	-834	+137
1941	85,573	1/81,132	-807	-323	-263	+714			

1/ Preliminary.

Wholesale chicken and fowl prices in general declined during past month

Prices of live young chickens at Chicago in general were lower in mid-August than a month earlier, reflecting the material increase in marketings during that time. Prices of most classes, however, are still higher than a year earlier. Fowl prices declined 1 to 4 cents during the month, the decline being more pronounced for the lighter weights than for the heavy. As a result, fowl prices now are not as high relative to prices of young chickens as they have been for the past few months.

Prices received by farmers for chickens very likely will decline seasonally in coming months but probably will continue above those of a year earlier.

Price per pound received by farmers for live chickens,
United States

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average:												
1930-39	14.0	14.2	14.4	15.0	14.7	14.4	14.1	14.0	14.3	13.7	13.3	12.9
1938	16.7	16.0	15.9	16.2	16.1	15.7	15.0	14.2	14.3	13.6	13.6	13.6
1939	14.0	14.2	14.3	14.4	13.9	13.4	13.7	13.0	13.6	12.7	12.4	11.7
1940	12.0	12.2	12.8	12.9	13.6	13.3	13.6	13.4	13.7	13.3	13.1	13.0
1941	13.7	14.0	14.4	15.7	16.3	16.3	16.8					

Turkey production larger this year than last

The number of turkeys that will be raised on farms this year is now estimated to be about 5 percent larger than in 1940. This indicates farmers changed their plans as the season progressed. Last February farmers indicated they would start about 3 percent fewer poults this year than last. The prospective larger number to be raised appears to have resulted largely from a later hatch of poults than in 1940. Evidences of the late hatch are that poult output by commercial hatcheries was large late in the season and breeder hens apparently moved to market later this summer than last. The number of turkeys on farms a year ago was only slightly smaller than present numbers but more than a million birds were killed in a storm in November 1940.

Despite the 5 percent larger number of turkeys being raised this year than last, supplies of turkey meat may be only about the same as in 1940 since breeding flocks probably will be expanded somewhat and many of the late hatched birds will not be marketed until early next year. Further, storage stocks at the beginning of the turkey marketing season this fall will be smaller than a year earlier.

Turkey prices at Chicago in mid-August were about 4 cents higher than a year earlier. The stronger consumer demand this fall than last is expected to more than offset the effects on turkey prices of any increase in marketings. The average price received by farmers for turkeys in mid-July (mostly breeder hens) was 15.8 cents compared with 15.4 cents a month earlier and 12.9 cents a year earlier.

Price per pound received by farmers for live turkeys, United States

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average: 1935-39	17.2	16.8	16.5	16.2	15.5	14.7	14.6	14.4	15.3	16.1	17.2	17.5
1938	17.5	17.7	17.2	17.0	16.4	15.6	15.7	15.0	16.0	16.5	17.1	18.4
1939	18.3	17.5	17.6	16.9	15.6	14.7	14.4	14.3	15.4	15.3	16.0	15.6
1940	14.2	14.0	13.7	13.5	13.2	12.9	12.9	13.4	14.3	14.7	15.5	15.9
1941	15.5	15.1	15.2	15.5	15.4	15.4	15.8					

DOMESTIC DEMAND

The domestic demand for farm products is expected to continue to increase during the remainder of 1941, but the rate of improvement is likely to be less marked than in recent months. Further expansion in output of defense materials will be increasingly at the expense of durable civilian goods. Difficulties arising as a result of shortages of raw materials are likely to become more numerous as defense efforts are accelerated, and they will act as a brake on the rapid advance in industrial activity in evidence so far this year. Indicated declines in the production of automobiles and other civilian goods will tend to flatten out the trend of industrial activity during the next few months. A temporary slight decline in the seasonally adjusted Federal Reserve index of business activity may even occur. However, this should not be taken as an indication of any fundamental change in the generally favorable demand outlook as long as the war is in progress. Activity in many other lines of business such as the service occupations will continue to increase. Consumer purchasing power in general should continue to improve during the remainder of the year.

Some people will have to set aside funds in preparation of payment of increased taxes next spring, but the buying power of the majority of consumers will not be directly affected. The limitation of the supplies of some consumer goods such as household equipment will leave a larger proportion of the money purchasing power to go for the purchase of "soft" lines of goods including food and clothing, making possible a further increase in the consumer demand for farm products even without further general gains in buying power.

Nonagricultural income payments, United States, 1919 to date 1/
(Seasonally corrected indexes, 1924-29 = 100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual 2/
1919	70.8	66.3	65.1	65.8	66.2	68.2	71.9	73.9	75.9	73.9	76.7	79.5	71.2
1920	83.9	81.0	83.7	82.8	83.2	84.5	85.1	84.5	83.6	81.0	79.7	76.3	82.5
1921	75.8	73.4	72.5	71.9	72.9	73.3	72.3	73.1	72.5	71.4	72.2	72.5	72.9
1922	70.7	70.1	71.0	70.6	73.6	76.6	75.5	77.9	80.5	80.5	82.9	83.0	76.1
1923	83.7	82.4	83.9	84.8	86.8	87.5	88.2	88.4	88.4	89.2	90.8	90.3	87.1
1924	91.5	92.5	92.0	92.6	90.7	88.8	87.5	88.0	89.2	89.1	89.9	92.6	90.4
1925	93.5	95.5	93.3	93.7	94.2	95.0	96.8	96.7	97.0	99.6	100.2	100.2	96.2
1926	100.2	100.5	100.9	100.2	98.3	99.6	99.0	99.7	100.8	101.8	101.5	101.2	100.3
1927	101.5	102.0	101.7	102.1	102.2	102.5	101.8	102.3	101.3	100.6	100.6	100.6	101.7
1928	101.7	102.3	102.9	102.5	102.5	104.2	105.5	105.6	105.3	105.4	105.1	104.9	104.0
1929	105.3	105.4	106.3	106.3	106.9	107.1	107.9	109.1	109.4	109.1	108.1	107.6	107.4
1930	105.2	103.9	103.0	102.0	101.2	100.2	98.7	96.7	96.1	94.7	93.5	92.4	99.0
1931	91.2	90.0	94.4	94.4	83.9	86.8	85.6	83.5	81.8	80.2	78.9	77.5	86.1
1932	76.3	74.3	72.7	70.3	68.5	66.4	64.8	64.1	65.6	65.5	62.8	61.9	67.5
1933	61.5	60.5	58.9	58.6	59.5	61.1	61.6	63.6	64.5	64.9	65.9	68.1	62.4
1934	69.3	69.8	70.5	70.1	71.4	71.3	71.6	71.7	70.4	71.3	71.8	72.0	71.0
1935	73.9	74.6	74.7	75.4	75.7	75.9	76.1	76.8	77.4	78.5	78.9	80.1	76.5
1936	81.4	82.4	83.4	84.7	85.6	100.9	95.2	89.9	89.9	90.3	91.3	92.4	89.0
1937	92.0	93.4	94.4	95.2	95.9	96.6	96.6	96.1	94.4	93.5	91.5	89.5	94.1
1938	87.6	87.5	87.1	86.4	86.0	86.0	86.2	87.7	88.2	88.5	89.4	90.1	87.6
1939	90.0	90.5	91.3	90.5	91.5	93.5	93.4	94.6	94.3	96.2	97.0	97.7	93.4
1940	97.4	97.0	96.9	96.7	98.1	98.9	99.9	101.0	101.6	102.6	103.3	105.5	99.9
1941	107.7	109.7	110.1	111.0	113.8	116.5							
	Exclusive of veteran bonus payments												
1931	90.7	89.9	89.1	88.3	87.3	86.0	85.2	83.2	81.5	79.9	78.7	77.1	84.8
1936	81.4	82.4	83.4	84.7	85.6	87.0	88.2	88.6	89.1	89.7	90.9	91.9	86.9

1/ Revised July 21, 1941.

WHOLESALE PRICES OF LIVE FOWLS AND CHICKENS AT CHICAGO: INDEX NUMBERS OF SEASONAL VARIATION, AND PRICE DIFFERENTIALS BETWEEN VARIOUS MARKET CLASSES OF CHICKENS

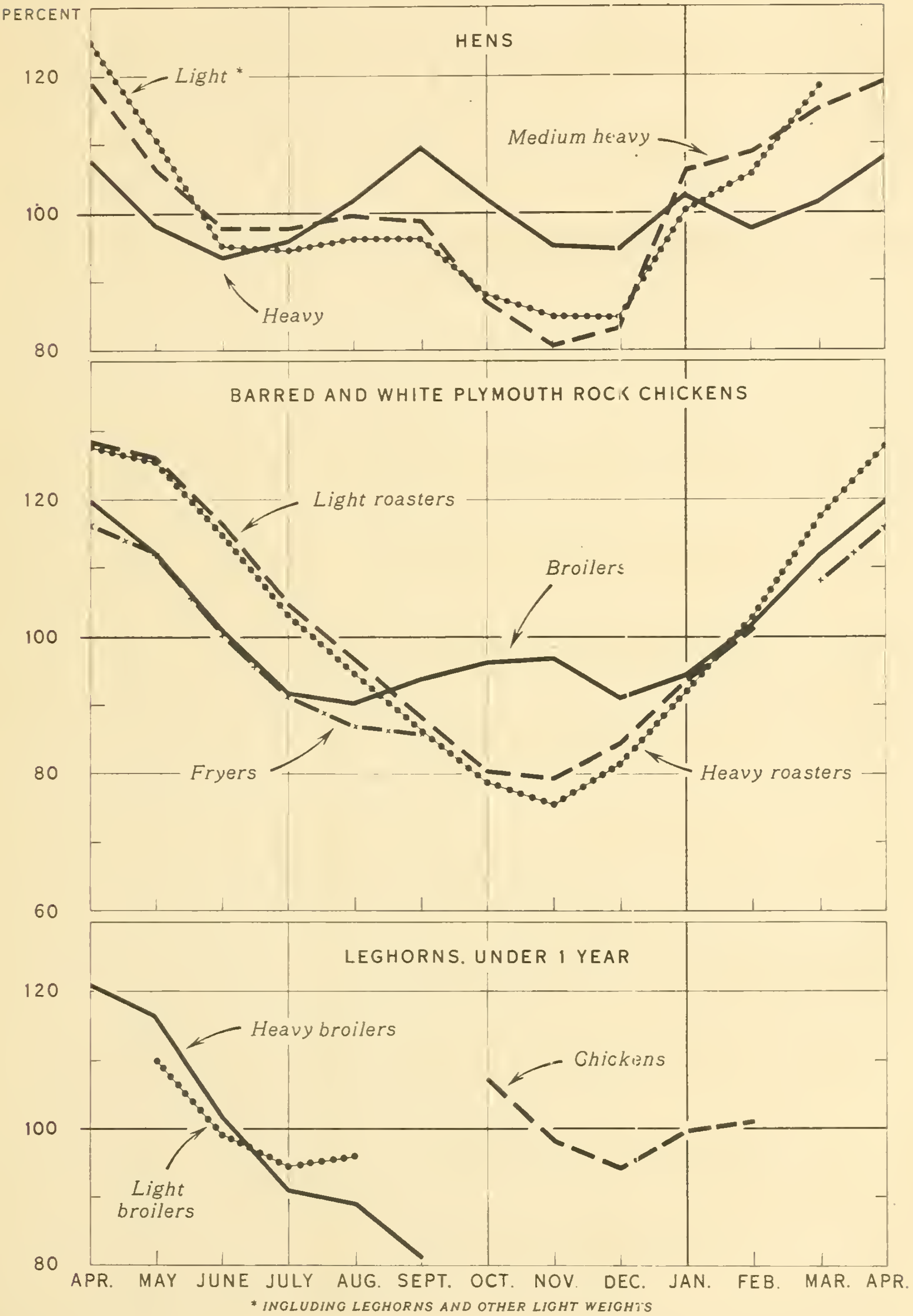
In the last two issues of the Poultry and Egg Situation series of wholesale prices for specified classes of live fowls and chickens at Chicago were published, together with a discussion of price differentials between heavy and medium heavy hens and between heavy hens and specified market classes of the heavy breeds of young chickens. In this article index numbers of seasonal variation are given for the prices of the various market classes of fowls and chickens and a discussion is given of the price differentials between specified classes of the heavy breeds of young chickens. A series of prices on light (Leghorn) hens is also included. This series was not available when the other price series were published in the June issue.

Index numbers of seasonal variation

The following table shows index numbers of seasonal variation for each breed and market class of fowls and chickens. These index numbers were calculated as follows: (1) The average monthly differential between heavy hens and each class in a given breed was subtracted from the 10-year average price of heavy hens for corresponding months. This gave an average price for that class and breed for each month. As was mentioned in the preceding article, a straight average price could not be used because prices were not quoted in all months of all years for any class except heavy hens. (2) An annual average of the monthly prices was obtained for each series. (3) The average price for each month was divided by the annual average price to get the seasonal index for that month. These index numbers for all breeds and market classes of live fowls and chickens except colored chickens are shown by months in figure 3.

The price of heavy hens tends to decline from April to June, to increase from July to September, to decrease again until November or December, to increase in January, to decline slightly in February, and then to increase until April. Such price movements have occurred in almost every year since 1930. The peak in September usually is slightly higher than in April and materially higher than in January. The lows in November and December usually are slightly higher than in June. Prices of medium heavy hens tend to decline from April to June, to level off from July to September, to decline again until November and then to increase fairly steadily until April. Prices of light hens, including Leghorns and other light-weight hens, decline steadily from April to July, increase slightly in August and September, decrease until December and then increase until April. Highest prices for heavy hens usually are paid in September while for medium heavy and light hens, highest prices are paid in April. The seasonal variation in prices of light hens is slightly more pronounced than for medium heavy hens, and for medium heavy hens it is much more pronounced than for heavy hens.

FOWLS AND CHICKENS, LIVE: INDEX NUMBERS OF SEASONAL VARIATION OF WHOLESALE PRICES OF SELECTED BREEDS AND MARKET CLASSES, CHICAGO



* INCLUDING LEGHORNS AND OTHER LIGHT WEIGHTS

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FIGURE 3

Indexes of seasonal variation, wholesale prices of specified breeds and market classes of fowls and chickens at Chicago

Month	Fowls			Chickens										
				Barred and White Plymouth Rock				Colored				Leghorn		
	Heavy	Medium heavy	Light 1/	Broilers	Fryers	Light roasters	Heavy roasters	Broilers	Fryers	Light roasters	Heavy roasters	Light broilers	Heavy broilers	Chickens
April	107.3	119.0	124.9	119.9	116.1	128.2	127.6	125.3	122.1	130.5	116.7	---	120.7	---
May	98.2	106.3	110.5	112.0	112.0	126.3	125.5	116.4	117.0	128.2	128.5	110.2	116.2	---
June	93.4	97.9	95.1	100.6	100.2	116.5	114.8	102.5	101.8	117.0	118.8	99.3	101.8	---
July	95.9	97.7	94.5	91.5	91.2	105.0	103.2	91.1	89.1	103.0	105.5	94.5	91.0	---
Aug.	101.9	99.7	96.2	90.2	86.8	96.7	94.5	89.2	85.7	92.4	96.1	96.0	89.0	---
Sept.	109.5	98.6	96.2	93.8	85.6	88.4	86.5	90.0	84.3	83.4	87.0	---	81.3	---
Oct.	102.1	87.0	83.1	93.1	---	80.3	78.7	93.8	---	78.0	81.3	---	---	107.1
Nov.	95.1	80.5	85.0	96.7	---	79.3	75.5	95.6	---	73.5	82.0	---	---	98.3
Dec.	94.7	83.1	84.9	91.2	---	84.5	81.5	90.5	---	84.4	88.0	---	---	94.1
Jan.	102.4	106.2	100.4	94.6	---	93.4	92.0	94.1	---	92.9	96.4	---	---	99.5
Feb.	97.6	108.8	105.7	101.7	---	101.4	102.7	100.7	---	100.7	96.0	---	---	101.0
Mar.	101.4	115.2	118.4	111.7	108.1	---	117.5	110.8	---	111.0	103.7	---	---	---

1/ Includes Leghorn and other light-weight fowls.

Prices of broilers have tended to decline from April to August, to increase slightly from August through November, to decline in December and then to increase until April. With increased production of commercial broilers in recent years, however, the seasonal patterns for broiler prices have changed somewhat. Prices of fryers decline from April to August, level off in September, and increase from March to April. Prices frequently have not been quoted from October through February and no quotations have been available since July 1939. Prices of Barred and White Plymouth Rock light and heavy roasters decline steadily from April to November and increase from December to April. Prices for these two series follow essentially the same seasonal pattern and have a more pronounced seasonal variation than do prices of broilers and fryers.

Prices of Colored chickens follow essentially the same seasonal pattern as do prices of Barred and White Plymouth Rock chickens except in the case of heavy roasters. Prices of Colored heavy roasters reach a peak in May rather than in April and increase more slowly from January to April.

Prices of heavy Leghorn broilers decline steadily from April to September. Prices of light Leghorn broilers decline from May to July and level off through August. Prices of Leghorn chickens decline from October to December and increase slightly through February.

Price differentials between specified classes of young chickens

The same general method of analysis was used in studying the price differentials between specified classes of young chickens as was described in the preceding article with reference to the differentials between heavy hens and specified classes of young chickens. Average differentials for recent years between the prices of the various market classes of the heavy breeds of young chickens are shown in the following table.

Average price spreads per pound between specified market classes of
live young chickens, Barred and White Plymouth
Rock and Colored breeds, by months

Fryers minus broilers

Item	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
Barred and White Plymouth Rock	1.10	1.75	1.50	1.40	.70	-.25						1.00
Colored	.20	.85	.50	.20	-.10	-.50						
Light roasters minus broilers												
Barred and White Plymouth Rock	2.20	3.35	3.60	3.10	1.70	-.65	-2.70	-3.00	-.90	.20	.40	.60
Colored	1.25	2.45	2.90	2.40	.80	-1.00	-2.70	-2.90	-.90	0	.25	.30
Light roasters minus fryers												
Barred and White Plymouth Rock	1.10	1.60	2.10	1.70	1.00	-.40						
Colored	1.05	1.60	2.40	2.20	.90	-.50						
Heavy roasters minus light roasters												
Barred and White Plymouth Rock							.25	-.20	0			
Colored							.30	.30	.30			

CHICKENS, LIVE BARRED PLYMOUTH ROCK: DIFFERENCES IN WHOLESALE PRICES BETWEEN LIGHT ROASTERS AND BROILERS, AND HEAVY AND LIGHT ROASTERS, CHICAGO, 1930-41

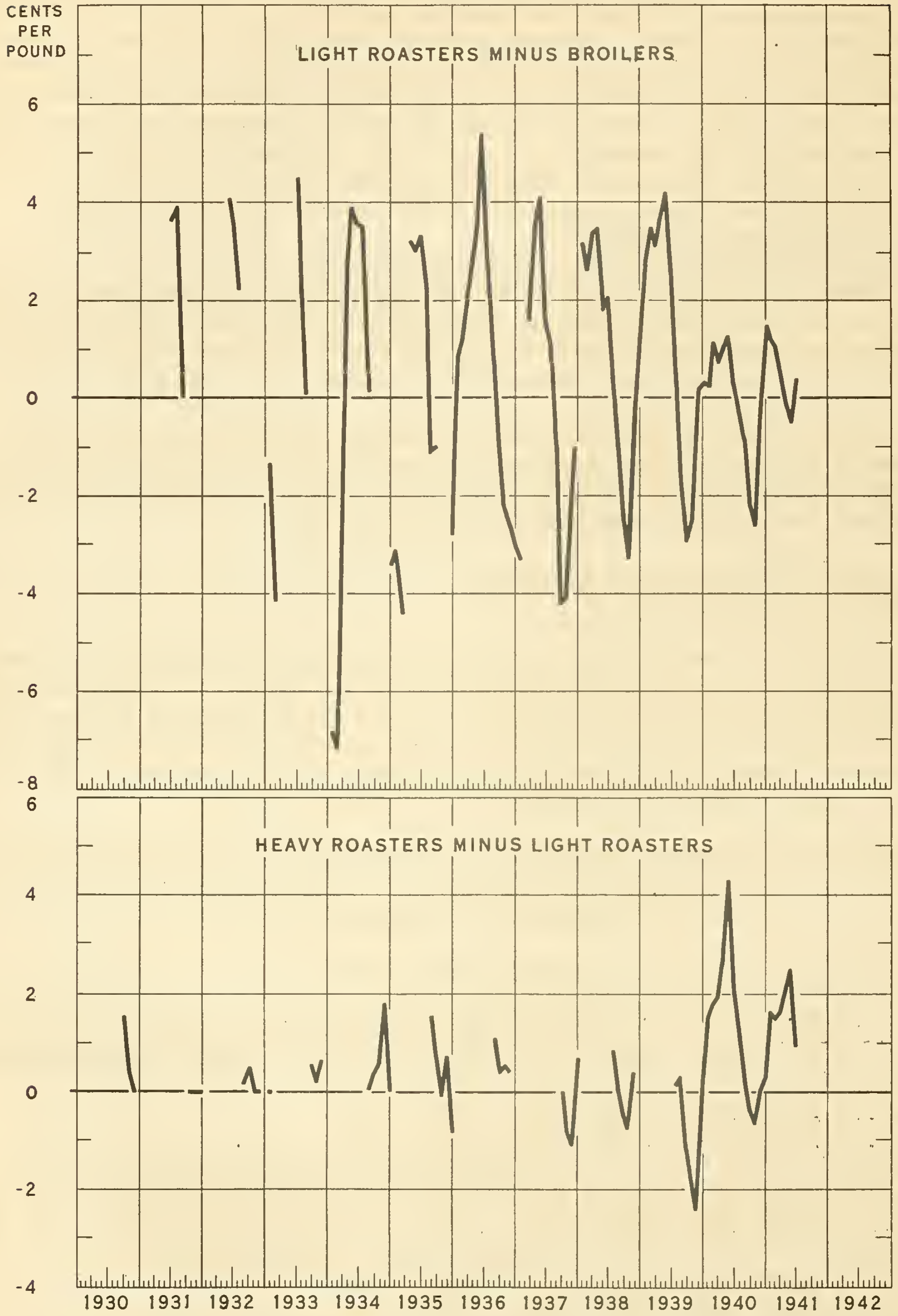

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FIGURE 4

The most striking aspect of these differentials is the similarity of their seasonal patterns. Each differential shows the relation between the price for a given weight class and the price for a lighter weight class. The differential paid for the heavier birds apparently varies in essentially the same way throughout the year regardless of the absolute weights of the birds. Moreover, for the Plymouth Rock breeds the average differential between fryers and broilers is almost the same as the average differential between light roasters and fryers, the latter being slightly higher. However, for Colored chickens the average differential between light roasters and fryers is considerably larger than between fryers and broilers.

The differential paid for the heavier birds reaches a maximum in May or June in all cases, gradually declines until about November and then increases until May or June. The price of broilers is higher than the price of light roasters from September through December but in most other cases a higher price is paid for the heavier birds.

The seasonal variation in the differentials for Colored young chickens is essentially the same as for Plymouth Rock. However, the differentials themselves are somewhat smaller between fryers and broilers and between light roasters and broilers but slightly larger between light roasters and fryers and between heavy and light roasters.

Figure 4 shows monthly differentials between light roasters and broilers and between heavy and light roasters for Barred Plymouth Rocks from 1930 to date. While the differentials between light roasters and broilers follow the same seasonal trends in 1940 and 1941 as in earlier years, the differentials themselves are much smaller. The same is true for Colored birds. The average differentials shown in the above table have been based on the years 1936 to 1939 and hence are higher than those for 1940-41. Trends have not been evident with respect to any of the other differentials.

Differentials between heavy and light roasters have been available throughout the year only since 1940. This was too short a time to determine average differentials, and hence these are given only for the months October through December. Quotations have been available for these months in every year since 1931.

Results of analysis of variance tests

When tested by analysis of variance, the differences between months for the differentials between light roasters and broilers and between light roasters and fryers were significant for both breeds; for the differential between fryers and broilers the differences between months were significant for the Colored birds but not for the Plymouth Rock; and for the differential between heavy and light roasters the differences between months were significant for the Plymouth Rock but not for the Colored birds.

Differences between years, when tested by analysis of variance, were nonsignificant for both breeds for the differential between fryers and broilers, were significant for Plymouth Rock but not for Colored for the differential between light roasters and fryers, were significant for Colored but not for Plymouth Rock for the differential between heavy and light roasters, and were significant for both breeds for the differential between light roasters and broilers. However, none of the analyses that showed significant differences between years showed consistent trends, except in the case of the differential between light roasters and broilers discussed above.

R. J. Foote.